



Concerned About the Cannabis Industry? This Stock Might Be Your Safest Option

Description

It's been a while since pot stocks have been in the news so much these days, and unfortunately, it has been for all the wrong reasons.

The good news for investors is that you don't have to invest in a stock like **Canopy Growth Corp** or another big producer to benefit from the booming new industry.

Instead, investors can invest in a stock like **Alimentation Couche-Tard Inc.** (TSX:ATD.B), which has long been interested in getting [involved in cannabis](#). And this week we learned the company was finally going to be making a big move.

Couche-Tard announced that it was going to invest in retailer cannabis stock **Fire & Flower Holdings Corp** (TSXV:FAF).

The deal will allow the cannabis company to further expand its reach across the country, and Couche-Tard could benefit from that growth. The convenience-store operator also has the opportunity to increase its position to 50.1% and give it controlling interest in the company for a total of \$380 million.

The current deal will involve a purchase of \$26 million worth of convertible debt.

It's a deal that makes sense for both companies with shareholders on all sides benefiting from it.

Here's why it makes sense for Couche-Tard

For Couche-Tard, it gives the retailer a way to [help improve its top line](#) in North America where sales growth hasn't always been very strong. And while it likely has an interest in selling cannabis in its stores, investing in Fire & Flower could be the next best thing.

If things go well, the company has the ability to take on even more ownership and have more of a say in how operations are run.

Effectively, it gives Couche-Tard a lot of flexibility going forward in how it wants to play out its cannabis strategy.

Why it's a great deal for Fire & Flower

Fire & Flower, like many cannabis companies, could use cash to grow their operations. However, not only do they get some important funding from a big company like Couche-Tard, but they can also tap into its expertise and vast network.

The possibilities for growth are limitless by partnering with Couche-Tard and the move potentially makes Fire & Flower the most appeal cannabis retail stock today.

Couche-Tard can offer insights into how Fire & Flower can improve its operations to make them more efficient. Profitability has been a big problem for the cannabis industry and any way Fire & Flower can get closer to breakeven, the more attractive of a buy it will be for investors.

Bottom line

This is a really great deal for both companies because it's easy to see how both can benefit and how both can further their own goals. Together, they may have just created a significant cannabis brand that could dominate the industry.

And the more growth opportunities that open up around the world for pot shops, the more potential there will be for these two companies to use their skills and expertise to successfully expand into new markets.

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